



## STAFF REPORT ACTION REQUIRED

### **Contract Awards - RFQs 6032-15-0093, 6032-15-0095 and 6032-15-0096 for Snow Clearing, Sanding and Salting of Sidewalks, Bus Stops, Pedestrian Crosswalks (PXO's) and Signalized Intersections.**

<b>Date:</b>	May 12, 2015
<b>To:</b>	Public Works and Infrastructure Committee
<b>From:</b>	Director, Purchasing and Materials Management General Manager, Transportation Services
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2015\Cluster B\TRA\Scarborough District\pw1554.docx (AFS 21353)

### **SUMMARY**

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The purpose of this report is to advise on the results of the Requests for Quotation (RFQ) No. 6032-15-0093, 6032-15-0095 and 6032-15-0096 for Snow Clearing, Sanding and Salting of Sidewalks, Bus Stops, Pedestrian Crosswalks (PXO's) and Signalized Intersections for the winter seasons from 2015-2016 to 2021-2022 [seven (7) winter seasons], in accordance with specifications as required by Toronto Transportation Services and service levels as approved by City Council, and to request authority to award the contracts to the recommended bidders.

### **RECOMMENDATIONS**

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**The General Manager of Transportation Services and the Director of Purchasing and Materials Management Division recommend that:**

1. City Council grant authority to award RFQ 6032-15-0093 for, Snow Clearing, Sanding and Salting of Sidewalks, Bus Stops, Pedestrian Crosswalks (PXO's) and Signalized Intersections Area 2, Arterial, Collector and Local Roads, within Toronto and East York District, for the 2015-2016, 2016-2017, 2017-2018, 2018-2019, 2019-2020, 2020-2021, and 2021-2022 winter seasons, to Pave-Tar Construction Ltd., being the lowest bidder meeting specifications, for a grand total price for the seven winter seasons of

\$28,447,435.92 net of HST recoveries, including an estimate of the annual cost adjustments using 3% per year after year 1;

2. City Council grant authority to award RFQ 6032-15-0095, for Snow Clearing, Sanding and Salting of Sidewalks, Bus Stops, Pedestrian Crosswalks (PXO's) and Signalized Intersections West South end area, within North York District, for the 2015-2016, 2016-2017, 2017-2018, 2018-2019, 2019-2020, 2020-2021, and 2021-2022 winter seasons, to Lima's Garden & Construction Inc., being the lowest bidder meeting specifications, for a grand total price for the seven winter seasons of \$10,325,961.69 net of HST recoveries, including an estimate of the annual cost adjustments using 3% per year after year 1 and;
3. City Council grant authority to award RFQ 6032-15-0096, for Snow Clearing, Sanding and Salting of Sidewalks, Bus Stops, Pedestrian Crosswalks (PXO's) and Signalized Intersections East South end area, within North York District, for the 2015-2016, 2016-2017, 2017-2018, 2018-2019, 2019-2020, 2020-2021, and 2021-2022 winter seasons, to Maple-Crete Inc., being the lowest bidder meeting specifications, for a grand total price for the seven winter seasons of \$11,382,537.75 net of HST recoveries, including an estimate of the annual cost adjustments using 3% per year after year 1.

## **FINANCIAL IMPACT**

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The total cost to the City of Toronto for the contract award for the seven (7) winter seasons (2015-2016 to 2021-2022) is \$50,155,935.36 net of HST recoveries, \$55,695,958.10 including all taxes and charges and \$49,288,458.49 net of all applicable taxes and charges, including an estimate of the annual cost adjustments using 3% per year after Year 1.

The annual cost estimate of 3% growth is consistent with the increase in winter maintenance contract prices over the last 7 years. Funding in the amount of \$1,663,243.57 for the period of December 1 to December 31, 2015 is required, of which \$258,147.00 is a budgeted contingency, resulting in a net requirement of \$1,405,096.57. Included in the 2015 Approved Operating Budget for the Transportation Services Winter Maintenance Program is \$1,397,255.09 resulting in a shortfall of \$7,841.48 which could be accommodated through savings within the 2015 Approved Operating Budget for Transportation Services.

The remaining first winter's (2015-2016 season) funding need (\$4,882,424.67) between January 1 and March 31, 2016, along with the first part of the second winter's adjusted cost, will be included in the 2016 Operating Budget Submission. The budget for the first winter season requirement is \$6,545,668.25 net of HST recoveries. The following funding details include the contract cost increase which is not part of the 2015 Approved Operating Budget for Transportation Services.

<b>Operating Budget Funding Details – First Winter Season 2015/2016</b>					
<b>RFQ #</b>	<b>District</b>	<b>Operating Account</b>	<b>Dec. 1, 2015-Dec. 31, 2015 (Net of HST recoveries)</b>	<b>Jan 1, 2016- Mar. 31, 2016 (Net of HST recoveries)</b>	<b>Total (Net of HST recoveries)</b>
6032-15-0093	<b>Toronto &amp; East York</b>	TP0109	\$527,851.80	\$2,769,212.90	\$3,297,064.70
6032-15-0093	<b>Toronto &amp; East York</b>	TP0333	\$415,506.44		\$415,506.44
		<b>Sub-total</b>	<b>\$943,358.24</b>	<b>\$2,769,212.90</b>	<b>\$3,712,571.14</b>
6032-15-0095	<b>North York</b>	TP0373	\$342,423.87	\$1,005,179.74	\$1,347,603.61
6032-15-0096	<b>North York</b>	TP0373	\$377,461.46	\$1,108,032.04	\$1,485,493.50
		<b>Sub-total</b>	<b>\$719,885.33</b>	<b>\$2,113,211.78</b>	<b>\$2,833,097.11</b>
<b>Total – 1<sup>st</sup> Winter Season</b>			<b>\$1,663,243.57</b>	<b>\$4,882,424.68</b>	<b>\$6,545,668.25</b>

### **Estimated Costs – Years 2-7**

<b>Year</b>	<b>Estimated Costs (net of HST recoveries)</b>
2016/17	\$6,742,038.29
2017/18	\$6,944,299.44
2018/19	\$7,152,628.42
2019/20	\$7,367,207.28
2020/21	\$7,588,223.49
2021/22	\$7,815,870.20

### **Total Estimated Costs – Years 1-7 (2015-2016 season to 2021-2022 season)**

<b>Years</b>	<b>Estimated Costs (net of HST recoveries)</b>
2015-2016 to 2021-2022	\$50,155,935.36

Future funding will be requested in subsequent annual Transportation Services Operating Budget Submissions for the required portions of the contract period.

The Deputy City Manager & Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **DECISION HISTORY**

Council at its meeting held on December 16, 2013 adopted motions that confirmed the levels of service for roadway de-icing, snow plowing, driveway windrow opening and snow removal that would serve as the basis for the 2015 – 2022 winter maintenance contracts and enabling

the General Manager, Transportation Services to issue Requests for Quotations for Winter Maintenance Services for seven (7) year terms covering the period November 2015 to April 2022. Refer to Motions 1, 2, 3 & 4 of Item PW27.15 of the following decision document link at <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.PW27.15>

## ISSUE BACKGROUND

All fifteen (15) Requests for Quotation (RFQs) for Snow Clearing, Sanding and Salting of Sidewalks, Bus Stops, Pedestrian Crosswalks (PXO's) and Signalized Intersections were issued by the Purchasing and Materials Management Division on March 9, 2015 on the City's Internet Website. A number of addenda were issued for each RFQ. The closing date for all of the RFQs was held on March 26, 2015.

The RFQs were designed so that each bidder could bid on one (1) or all fifteen (15) of the RFQs. The RFQs all set out that the public opening process would be done by a lottery. The lottery process randomizes which RFQ would be opened first and provides bidders the opportunity to withdraw from a particular RFQ if they have submitted bids to multiple RFQs. This system is designed to prevent a bidder from being awarded too many contracts and being unable to meet the requirements of all the contracts won. The order that the RFQs were opened was 6032-15-0104, 6032-15-0091, 6032-15-0100, 6032-15-0102, 6032-15-0093, 6032-15-0096, 6032-15-0101, 6032-15-0094, 6032-15-0103, 6032-15-0099, 6032-15-0095, 6032-15-0098, 6032-15-0097, 6032-15-0092, and 6032-15-0105.

This report addresses the awards for RFQs 6032-15-0093, 6032-15-0095 and 6032-15-0096. The awards for RFQs 6032-15-0091, 6032-15-0092, 6032-15-0094, 6032-15-0097, 6032-15-0098, 6032-15-0099, 6032-15-0100, 6032-15-0101, 6032-15-0102, 6032-15-0103, 6032-15-0104, and 6032-15-0105 are dealt with in a separate report.

The following is the summary of bids received for Request for Quotation 6032-15-0093 Area 2, Arterial, Collector and Local Roads, within Toronto and East York District:

<b>Bidder</b>	<b>Winter 2015/2016 (net of all applicable taxes and charges)</b>
Aqua Tech Solutions Inc.	\$3,125,866.62 <sup>1</sup>
Trisan Construction	\$3,521,316.00 <sup>1</sup>
Pave-Tar Construction	\$3,648,360.00
A&F DiCarlo Construction Inc.	\$3,820,400.00
K.J. Beamish Construction Co. Ltd.	\$3,964,728.00
Bevcon Construction Ltd.	\$4,315,360.00 <sup>1</sup>
MTM Landscaping Contractors Inc.	\$4,394,800.00
Aquagran Landscaping & Construction Ltd.	\$4,612,920.00 <sup>1</sup>
Coco Paving Inc.	\$7,356,820.00

<sup>1</sup> This quote was declared non-compliant.

The following is the summary of bids received for Request for Quotation 6302-15-0095 West South end area, within North York District:

<b>Bidder</b>	<b>Winter 2015/2016 (net of all applicable taxes and charges)</b>
Aquagran Landscaping & Construction Ltd.	\$1,320,380.00 <sup>1</sup>
Lima's Garden & Construction	\$1,324,296.00
Bevcon Construction Ltd.	\$1,326,750.00 <sup>1</sup>
Maple-Crete Inc.	\$1,405,100.00
VBN Paving Ltd.	\$1,515,915.00
Pave-Tar Construction	\$1,550,450.00
Forest Ridge Inc.	\$1,864,475.00
Coco Paving Inc.	\$1,769,990.00
MTM Landscaping Contractors Inc.	\$1,912,450.00
Crownwood Construction Ltd.	\$2,106,630.00

<sup>1</sup>The quotes was declared non-compliant for failing to meet mandatory requirements.

The following is the summary of bids received for Request for Quotation 6032-15-0096 East South end area, within North York District:

<b>Bidder</b>	<b>Winter 2015/2016 (net of all applicable taxes and charges)</b>
Bevcon Construction Ltd.	\$1,309,932.64 <sup>1</sup>
Maple-Crete Inc.	\$1,459,801.00
Grand-Mac Construction Ltd.	\$1,465,968.92
Aquagran Landscaping & Construction Ltd.	\$1,576,250.00 <sup>1</sup>
VBN Paving Ltd.	\$1,636,213.00
Trisan Construction	\$1,648,567.00
Forest Ridge Inc.	\$2,120,305.00
Lima's Garden & Construction	\$1,711,100.00
Pave-Tar Construction	\$1,882,470.00
MTM Landscaping Contractors Inc.	\$2,093,800.00
Coco Paving Inc.	\$2,107,820.00

<sup>1</sup>The quotes was declared non-compliant for failing to meet mandatory requirements

## COMMENTS

The Quotation documentation submitted by the recommended bidders have been reviewed by staff from both Transportation Services and Purchasing and Materials Management and were

found to be in conformance with the Request for Quotation requirements. Transportation Services staff have compared the low bid for each depot to the estimated cost and found the prices of the recommended bidders to be reasonable and within the budget available.

The Fair Wage Office has reported that the recommended firms have indicated it has reviewed and understands the Fair Wage Policy and Labour Trades requirements and has agreed to comply fully.

## CONTACTS

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## SIGNATURES

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Michael Pacholok  
Director  
Purchasing and Materials Management

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Stephen Buckley  
General Manager  
Transportation Services

ATTACHMENT  
Appendix A – Adjusting Index

## APPENDIX “A” - ANNUAL ADJUSTMENT OF COST

The unit bid prices will be adjusted annually as shown in the following example using the CPI as issued for the month of July.

The unit bid prices stated in the Vendor's Quotation will apply during the first Operating Year of the Term.

In the second and subsequent Operating Years, the unit bid prices will be the costs applicable in the previous Operating Year multiplied by [1 + CPI/100].

The unit bid price will be adjusted for the second Operating Year and, if the Term is extended, for the subsequent Operating Years to reflect 100% of the percentage change in the All Item Index of Consumer Price Index (CPI) for Toronto, or the replacement Index, on a year-to-year basis.

In the second and subsequent Operating Years, the unit bid price will be the cost applicable in the previous Operating Year multiplied by [1 + CPI/100].

where:

$$\Delta \text{ CPI} = \left( \frac{\text{CPI Current Operating Year} - \text{CPI Previous Operating Year}}{\text{CPI Previous Operating Year}} \right) \times 100\%$$

and:

CPI Current Operating Year = Monthly Consumer Price Index (All Items) - Toronto for the month containing the beginning of the second and subsequent Operating Years.

CPI Previous Operating Year = Monthly Consumers Price Index (All Items) - Toronto for the month containing the beginning of the previous Operating Year.

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### Note:

The Annual Adjustment of Cost formula outlined above has replaced the Adjusting Index formula used in the previous snow removal contracts so as to be more transparent and accurately reflect market increases.

The Adjusting Index formula had been developed by the former Metro Transportation and was in place for several previous snow removal contracts. It was unique in the industry and employed only by the City of Toronto.

The Annual Adjustment of Cost increased 14.9% over the last 7 year contract (2007/2008 to 2014/2015) – An average of 3% per year.

It is estimated that the increase in the Adjusting Index for this contract will remain consistent at an average of 3% per year.